



STATE OF WASHINGTON
DEPARTMENT OF SOCIAL AND HEALTH SERVICES

April 25, 2007

TO: School District Superintendents
Educational Service District Superintendents
School District Business Managers
School District Medicaid Administrative Match Coordinators

FROM: MaryAnne Lindeblad, Director, Division of Healthcare Services
Health and Recovery Services Administration
Department of Social and Health Services

SUBJECT: Clarification Memo – Application of Indirect Rates to Claims for Medicaid
Administrative Match (MAM) Reimbursements

After a recent review of internal procedures, the Health and Recovery Services Administration (HRSA) became aware that school districts participating in the MAM program were incorrectly being allowed to apply an indirect cost rate to certain invoiced expenses. Specifically:

OMB Circular A-87 defines direct costs (Attachment A.E.1) as those that can be identified specifically with a particular final cost objective/award; e.g., salaries, benefits, supplies, equipment, travel. The distribution base (Attachment E.C.2.c) to which an indirect rate can be applied includes the approved direct cost minus all capital expenditures and other distorting items, such as pass-through funds and major subcontracts.

Therefore, an indirect rate cannot be applied to claims for reimbursement of consultant fees.

OMB Circular A-87 is available at: www.whitehouse.gov/omb/circulars/a087/a87_2004.html

Note: Claiming for the Medicaid Administrative Match Program is based on requirements established by the U.S. Department of Health and Human Services Centers for Medicare and Medicaid Services (CMS). These requirements may differ from requirements for claiming through the U.S. Department of Education.

The operating expense document in the Washington State School Based Medicaid Administrative Match automated system has been updated to reflect this change.

If you have questions regarding this information, please contact Lenore Lawrence, MAM Program Manager for Schools, at 360-725-1950.

cc: Martin Mueller, Assistant Superintendent, OSPI/Student Support and Operations
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